

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
LIABILITY SELF-INSURED GROUP
CALCULATION OF LOSS COST MULTIPLIER
EXPENSE CONSTANT SUPPLEMENT

GROUP NAME _____ DOI# _____ DATE _____

4. DEVELOPMENT OF EXPECTED LOSS RATIO (ELR)

	Selected Provisions		
	Overall	Variable	Fixed
a. TOTAL PRODUCTION EXPENSE	_____	_____	_____ %
b. GENERAL EXPENSE	_____	_____	_____ %
c. TAXES, LICENSES & FEES	_____	_____	_____ %
Note: Do not include any pass through assessments collected that are not your actual expense.			
d. UNDERWRITING PROFIT & CONTINGENCIES	_____	_____	_____ %
e. TOTAL	_____	_____	_____ %

5. a. EXPECTED LOSS RATIO: [ELR = 100% - OVERALL 4.e.] _____ %
 b. ELR EXPRESSED AS A FACTOR _____
 c. VARIABLE EXPECTED LOSS RATIO: [VELR = 100% - VARIABLE 4.E.] _____ %
 d. VELR EXPRESSED AS A FACTOR: _____

6. a. INDICATED EXPENSE CONSTANT:
 [(1.00 / 5.b.) - (1.00 / 5.d.)] x [2.b.x 3. x *Average Underlying Loss Cost*] _____
 Note: The *Average Underlying Loss Cost* is the weighted average of the individual risk's loss cost including all rating factors (no expenses included.)
 b. INDICATED VARIABLE LOSS COST MULTIPLIER: [2.b. x 3. / 5.d.] _____

7. a. SELECTED EXPENSE CONSTANT: _____
 b. SELECTED VARIABLE LOSS COST MULTIPLIER _____